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NEWS RELEASE

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USDA RURAL DEVELOPMENT ANNOUNCES THE AVAILABILITY OF FUNDING FOR HOME LOANS

No Down Payment Required

ALEXANDRIA, February 24, 2006 – Michael B. Taylor, State Director for USDA Rural Development in Louisiana, announced the availability of funding to assist rural residents of Louisiana become homeowners through USDA Rural Development's Guaranteed Rural Housing Loan Program.

"With mortgage interest rates continuing near their lowest levels in recent history, now is the time to stop paying rent and purchase your own home," said Taylor. "Our Guaranteed Rural Housing Loan Program is the best option for eligible moderate-income applicants to move into a home without a down payment."

In many cases most of the closing costs associated with purchasing the house can be financed into the loan. Loans can be made to purchase new or existing homes that meet agency requirements. In addition to allowing a Maximum Loan to Value ratio of 102 percent, another very attractive feature of this loan program is that the borrower is not required to pay mortgage insurance. Other zero down programs charge an up front mortgage insurance premium that is due at closing, with monthly mortgage insurance thereafter. In comparison, the Guaranteed Rural Housing Program offers a significant savings to borrowers by charging a one-time only, 2 percent guarantee fee that is due at closing, and no monthly mortgage insurance.

Without expensive mortgage insurance premiums, homebuyers can qualify for a "better" home, which could mean the additional bathroom or bedroom that they may desire. Also, homebuyers may include the 2 percent fee in the loan. This will have a minimal impact on payments, yet maximize any cash reserves they may have. They can put down \$2,000 toward a home loan or keep their \$2,000 and pay roughly \$12 more per month.

USDA Rural Development housing programs are offered in communities with populations of 10,000 or less and locations not closely associated with urban areas. Under certain circumstances loans can be made in towns and cities between 10,000 and 25,000 in population. In addition, special provisions have been approved to make loans in towns and cities in federally-declared disaster areas with populations up to 50,000—in addition to the City of Kenner. Never assume an area is not eligible.

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02/24/2006

Private lenders, such as mortgage companies and commercial banks make USDA Rural Development Guaranteed Loans. The loans have a 30-year term and a competitive fixed interest rate. Unlike other zero down loan programs, the Guaranteed Rural Housing Program does not have loan limits. The maximum loan is determined by the applicant's income and repayment ability.

USDA Rural Development provides a full range of rural development credit services in rural Louisiana. The Louisiana USDA Rural Development State Office is located in Alexandria, and four area offices are located throughout the state to serve rural residents of Louisiana:

Monroe Area Office, telephone (318) 343-4467, extension 4
Natchitoches Area Office, telephone (318) 352-7100, extension 4
Lafayette Area Office, telephone (337) 262-6601, extension 4
Amite Area Office, telephone (985) 748-8751, extension 4

For more information about the Guaranteed Rural Housing Loan Program or to obtain a list of participating lenders, contact the area office nearest you. For more information on USDA Rural Development single family housing programs, visit <http://www.rurdev.usda.gov/la> or e-mail Debbie Redfearn, Single Family Housing Program Director, at debbie.redfearn@la.usda.gov.

USDA Rural Development is an equal opportunity lender, provider, and employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9140.

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